## STATE LIFE INSURANCE—Public branch.

41. *The State Life Insurance.*—Public branch which was introduced with effect from 1st Meenam 1109 for the purpose of affording greater facilities to the subjects of the State in the matter of future provision for families, has already shown results much beyond our expectation. During a short period of 2 years and 3 months, 2891 proposals for about Rs 28 lakhs have been received and policies in respect of 1986 proposals assuring a sum of about Rs 19 lakhs have been issued. The receipts shown in the revised estimates for the year 1111 are expected to be about Rs ·90 of a lakh and the expenses are likely to stand at Rs ·17 of a lakh. The expense ratio for the second year of the scheme is 19 per cent as against 31 per cent in the first year. In 1112 the total receipts and expenditure are expected to be Rs 1·40 lakhs and Rs ·18 of a lakh respectively and expense ratio, a little over 12 per cent.

## STATE PROVIDENT FUND SCHEME.

42. The State Provident Fund Scheme which was started in 1107 with a view to enable Government servants to make some provision for themselves in their old age, or for their families in case of their premature demise, continued to work very satisfactorily during the year. The number of subscribers has risen to 8246 during 1111. The fund is expected to have a closing balance of Rs 4·83 lakhs at the end of 1111 and Rs 6·48 lakhs at the end of the next year.

## SAVINGS BANK.

43. The public are continuing to take advantage of this institution for the investment of their savings. The balance at the credit of the fund has risen to Rs 187·89 lakhs at the end of 1111 and is expected to reach Rs 212·89 lakhs at the end of 1112.

## GENERAL REVENUE POSITION.

44. During the years 1109 and 1110, the accounts showed a deficit of Rs 5·77 and Rs 4·45 lakhs, respectively. The revised estimate of 1111 is likely to result in a deficit of Rs 5·06 lakhs. For the first time after three years, a small surplus of Rs 3·54 lakhs is anticipated for the next year. The Electrical undertakings which form the major part of our remunerative assets may not, on the whole, be expected for some years to pay us more than the prescribed return of 5 per cent Expenditure chargeable to revenue is, on the other hand, likely to increase inevitably under certain heads such as pension charges, interest charges and the Sinking Fund for loans, and Army. Taking all the factors into account, the need for curtailing the expenditure charged to revenue is imperative. As we have exhausted our Government balances *vide* para 45 below, it is absolutely essential that we should build up a reserve fund to meet capital expenditure or, unforeseen loss of revenue, or expenditure, and aim at setting apart annually about Rs 5 lakhs at least for the purpose.

Certain departments may be classified as more or less static with fixed standing charges, while other departments such as Public Works



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are capable of contraction and expansion according to the funds available. The percentage of expenditure on certain departments, *e. g.* Education (20 per cent), Public Works (13 per cent), Administration of Justice ·5 per cent) and Medical (5 per cent) bears relatively a high proportion to the total revenue of the State. In order that each department may have a reasonable proportion of the total revenue for its activities according to its importance and usefulness and in order that there may also be some definite basis of financial control over the expenditure it is desirable to have a convention that the expenditure of each department should not ordinarily exceed a certain prescribed percentage of the total revenue of the State. This would prevent departments from making demands arbitrarily out of proportion to the r necessary and legitimate needs, and to the other total demands on the finances of the State. If variations are needed, the department concerned should get them sanctioned after giving full reasons for the change. The adoption of some such method is essential in order to check haphazard and inharmonious growth of expenditure in the several departments of the State.

## FINANCIAL POSITION.

45. The usual statement of assets and liabilities is furnished on pages 9 and 10 of the Budget Estimates. The Government Balance at the end of 1112 is estimated to amount to Rs 102·61 lakhs including the General Reserve Fund of Rs 60·55 lakhs. This includes, however, the sum of Rs 112·18 lakhs representing the estimated expenditure to the end of the year on productive works shown under "Debt Heads" so that the general current balance of Government is expected to be overdrawn at the end of the next year by Rs 9 57 lakhs. It will be seen that the recent loan of Rs 50 lakhs and this overdraft are more than covered by the value of our remunerative assets. Our gilt-edged surplus investments amount to Rs 148 lakhs, and our other liquid assets to about Rs 70 lakhs. Our debt position may be regarded as quite satisfactory.

## COMMITMENTS.

46. The total commitments of Government in regard to capita expenditure on schemes now in progress, for 1113 and succeeding years may, as far as they can be estimated at present, be taken as amounting roughly to about at least Rs 100 lakhs, *vide* details below:—

| | *Rs.* (*lakhs*). |
|---|---|
| Drinage Works, Trivandrum ... | 35½ |
| Water Supply to Municipal Towns (Alleppey, Shencottah and Nagercoil) ... | 23½ |
| Pallivasal Hydro-Electric Project for extension to Quilon ... | 16 |
| Trunk Telephone ... | 2 |
| Council Chamber ... | 3 |
| Loans to Cochin Harbour ... | 20 |
| Total ... | 100 lak |

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